

ORDER NO. 5517

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;
Michael Kubayanda, Vice Chairman;
Mark Acton;
Ann C. Fisher; and
Ashley E. Poling

Competitive Product Prices
Priority Mail Contract 258 (MC2017-19)
Negotiated Service Agreements

Docket No. CP2017-38

ORDER APPROVING AMENDMENT TWO TO
PRIORITY MAIL NEGOTIATED SERVICE AGREEMENT

(Issued May 20, 2020)

I. INTRODUCTION

The Postal Service seeks to amend a Priority Mail negotiated service agreement.¹ For the reasons discussed below, the Commission approves the Amendment.

¹ USPS Notice of Amendment to Priority Mail Contract 258, Filed Under Seal, May 18, 2020 (Notice). The amendment is an attachment to the Notice (Amendment).

In Order No. 3636, the Commission approved the Priority Mail Contract 258 negotiated service agreement (Existing Agreement).² On May 18, 2020, the Postal Service filed notice that it has agreed to the Amendment to the Existing Agreement.

The Postal Service intends for the Amendment to become effective one calendar day after the date that the Commission completes its review of the Notice. Notice at 1.

II. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

Cost considerations. The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3035.105 and 3035.107. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Existing Agreement is set to expire May 25, 2020.³ The Amendment revises the expiration date of the contract to July 24, 2020. Notice, Attachment A at 1.

The Amendment does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as

² See Docket Nos. MC2017-19 and CP2017-38, Order Adding Priority Mail Contract 258 to the Competitive Product List, November 23, 2016 (Order No. 3636). The contract was later amended. See Order Approving Amendment One to Priority Mail Negotiated Service Agreement, June 7, 2018 (Order No. 4636).

³ See Order No. 3636 at 9 (setting original expiration date as November 27, 2019); USPS Notice of Extension of Priority Mail Contract 258, November 15, 2019 (extending contract to February 25, 2020); USPS Notice of Extension of Priority Mail Contract 258, February 14, 2020 (extending contract to May 25, 2020).

amended, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3035.107.

Other considerations. The Postal Service states that the Amendment shall become effective one calendar day after the date that the Commission completes its review. Notice at 1. The Existing Agreement, as amended, is set to expire July 24, 2020. Notice, Attachment A at 1.

If the Existing Agreement, as amended, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, as amended.

III. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Priority Mail Contract 258 negotiated service agreement, as amended.
2. The Postal Service shall notify the Commission if the Existing Agreement, as amended, terminates prior to the revised expiration date, July 24, 2020.

By the Commission.

Erica A. Barker
Secretary